



Faculty of Cognitive Sciences and Human Development

**THE RELATIONSHIP BETWEEN EXTRINSIC AND INTRINSIC JOB
SATISFACTION AND EMPLOYEE ENGAGEMENT**

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**Bachelor of Science with Honours
(Human Resources Development)
2019**

UNIVERSITI MALAYSIA SAWARAK

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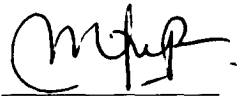
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**THE RELATIONSHIP BETWEEN EXTRINSIC AND INTRINSIC JOB SATISFACTION
AND EMPLOYEE ENGAGEMENT**

LEE SOOK ING

**This project is submitted in partial fulfilment of the requirements for a
Bachelor of Science with Honours
(Human Resource Development)**

**Faculty of Cognitive Sciences and Human Development
UNIVERSITI MALAYSIA SARAWAK
(2019)**

The project entitled 'The Relationship Between Extrinsic and Intrinsic Job Satisfaction and Employee Engagement' was prepared by Lee Sook Ing and submitted to the Faculty of Cognitive Sciences and Human Development in partial fulfillment of the requirements for a Bachelor of Science with Honours Human Resource Development.

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ACKNOWLEDGEMENT

Firstly, I would like to express my deepest gratitude and respect to my supervisor, Dr Victoria Jonathan who has guiding and supporting me to successfully complete the final year project. Dr Victoria also always advised me on the process of completing the thesis and taught me until I understood what I should do or what wrong in the thesis. She had willing to spend her time and efforts to teach me during I faced an obstacle in the process of completing the thesis. Her patience to taught and answer my doubts had given me the motivation to complete the study. Therefore, without advice by my supervisor, Dr Victoria, I would not complete this study.

Second, a thank you to the organization that had accepted my request to carry out the study in the organization. I was very thankful for the cooperation of the organization in the process of data collection.

Thirdly, I would like to thank my parents for giving me support in terms of transportation and the psychological aspect. My father had sent me to the organization to do my data collection and my mother had encouraged me when I faced an obstacle during the completion of the research. This had motivated me to do my best in the research.

Lastly, I am indebted to my friends who had supporting and helping me in this research. From the initial until the final stage, my friends had spent their own time to solve my doubt in the research especially my roommate and good friends.

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ABSTRACT

THE RELATIONSHIP BETWEEN EXTRINSIC AND INTRINSIC JOB SATISFACTION AND EMPLOYEE ENGAGEMENT

Lee Sook Ing

Nowadays, employee engagement as a key of success for an organization and the job satisfaction is an important factor to enhance the employee engagement. However, there is limited research on identifying the relationship between job satisfaction and employee engagement in Malaysia. Therefore, the aim of this study is to identify the relationship between extrinsic and intrinsic job satisfaction and employee engagement. The two extrinsic job satisfaction factors are compensation and supervisor support and the two intrinsic job satisfaction factors are recognition and career growth. There were four manufacturing companies involved in this study located in Kuching, Sarawak. A total 70 sets of questionnaires were distributed based on convenience sampling. Although 70 sets of questionnaires were collected back, only 68 sets of questionnaires were usable. The findings showed that compensation had weak positive relationship with employee engagement. For supervisor support, recognition and career growth, there were a significant moderate positive relationship with employee engagement. The career growth was dominant factor in relation to employee engagement. Recommendations were presented based on the findings of this study.

ABSTRAK

HUBUNGAN ANTARA KEPUASAN KERJA EKSTRINSIK DAN INTRINSIK TERHADAP PENGLIBATAN PEKERJA

Lee Sook Ing

Pada masa kini, penglibatan pekerja sebagai kunci kejayaan untuk organisasi dan kepuasan kerja adalah faktor yang penting untuk meningkatkan penglibatan pekerja. Walau bagaimanapun, terdapat kajian terhad untuk mengenal pasti hubungan antara kepuasan kerja dengan penglibatan pekerja di Malaysia. Oleh itu, tujuan kajian ini adalah untuk mengenal pasti hubungan antara kepuasan kerja ekstrinsik dan intrinsik dan penglibatan pekerja. Kedua-dua faktor kepuasan kerja ekstrinsik adalah pampasan dan sokongan penyelia dan dua faktor kepuasan kerja intrinsik adalah pengiktirafan dan perkembangan kerjaya. Empat syarikat pembuatan telah terlibat dalam kajian ini di Kuching, Sarawak. Sejumlah 70 keping soal selidik telah diedar berdasarkan keadah persampelan mudah. Walaupun 70 keping soal selidik telah berjaya dikumpul tetapi hanya 68 keping soal selidik yang boleh digunapakai. Keputusan kajian menunjukkan bahawa pampasan mempunyai hubungan positif yang lemah dengan penglibatan pekerja. Bagi sokongan penyelia, pengiktirafan dan perkembangan kerjaya, terdapat hubungan positif yang sederhana dengan penglibatan pekerja. Perkembangan kerjaya adalah faktor dominan yang berkaitan dengan penglibatan pekerja. Berdasarkan dapatan kajian, beberapa cadangan juga dibincangkan di penghujung kajian ini.

CHAPTER ONE

INTRODUCTION

This study examines the relationship between extrinsic and intrinsic job satisfaction and employee engagement in Malaysia. This chapter provides a general view of the study. In this chapter, there are eight sections including the background of study, problem statement, objective of study, research hypothesis, conceptual framework, significance of study, definition of terms and summary.

1.0 Background of Study

Nowadays, organizations are required to come with ways to engage employee to enhance the organization performance as well as competitiveness, increasing productivity and lowered turnover rate (Waigwa & Kwasira, 2012). Employees are main resource in overall organization to meet its objective. One of the ways in which organizations can achieve their goals is when the employees are satisfied and engaged in the work at the workplace. Thus, organization need to attract talented employees and would prefer to keep them for long through the fully engaged employees (Waigwa & Kwasira, 2012).

Successful organizations usually implement employee engagement practices which the strong relationship will occur between employee and organization (Waigwa & Kwasira, 2012). Biswas and Bhatnagar (2013) stated that trust and loyal relationship between employee and employer will possess by higher level of employee engagement.

According to Singh and Jain (2013), job satisfaction refers to emotional response to a job and it is a part of life satisfaction. Some factors such as compensation, working condition,

leaders and social relationship will influence the level job satisfaction of a person. Based on Singh and Jain (2013), “The happier people are within their job, the more satisfied they are said to be” (p. 105). Job satisfaction is as main characteristic to enhance employee engagement in an organization. The organizations can determine several methods to provide the sense of satisfaction such as a challenging work, recognition and career development that may lead to employee engagement (Abraham, 2012).

Results from past findings had shown that job satisfaction had a positive impact and positive relationship on employee engagement (Abraham, 2012; Tepayakul & Rinthaisong, 2018; Deshwal, 2015; Waigwa & Kwasira, 2012). According to Tepayakul and Rinthaisong (2018), the job satisfaction and employee engagement are two important factors contribute to organizational success. The higher level of employee engaged in their work will lead to higher customer satisfaction, retain talented employee and increase productivity (Abraham, 2012) while the lower or decreased engagement leads to less dedication by employees, high turnover and lower productivity in an organization (Society for Human Resource Management, 2017).

1.1 Problem Statement

According to Schaufeli, Salanova, Gonzalez-Roma & Bakker (2001), employee engagement defined as practical, fulfilling, work-related state of thought that is characterized by vigor, dedication and absorption. Based on the online magazine of HR Asia, employee engagement in Malaysia had dropped to 59% in the year 2017 but rose by four points to 63% in the year 2018. However, the level of employee engagement in Malaysia still lower compare to India (71%), China (69%), Indonesia (76%), Philippines (71%) and Thailand (64%). In Malaysia, there are limited research on employee engagement. There is various

previous study from western country (Thavakumar & Evangeline, 2016; Saks, 2006; Mesapy, 2016). The research of Thavakumar and Evangeline (2016) was conducted at Batticaloa District in Sri Lanka. Besides, the study of Saks (2006) was conducted at Canada. The last example was the research of Mesepy (2016) was conducted at Manado in Indonesia. Therefore, this study will focus on four factors of job satisfaction, namely compensation, supervisor support, recognition and career growth.

Compensation as an extrinsic job satisfaction factor in this study refers to all pay and reward as a resource used by an organization to exchange the contribution of the employee. Mutunga (2009) show the result that salary and benefits were the largest contributor to employee engagement. However, there is limited research identifying the relationship between compensation and employee engagement in Malaysia compared to other countries. Previous foreign studies on the relationship between compensation and employee engagement conducted by Thavankumar and Evangeline (2016) in the context of Sri Lanka.

Supervisor support also as an extrinsic job satisfaction that is important to influence employee engagement in manufacturing industry and service sector. Foley and McCann (2013) had stated that supervisor support is a valid subject for studying levels of employee engagement. However, the relationship between supervisor support and employee engagement in the literature has revealed mixed finding. For example, The study conducted by Saks (2006), based on social exchange theory, had tested a model of the antecedents and consequences of job and organization engagement based on social exchange theory. The study conducting by Saks (2006) had found that supervisor support did not have significant influence on employee engagement and Jenero, Flores, Begoña, and Cruz (2011) had also found that there was no significant relationship with employee engagement. This study was analysing the relationship between the study of nurses' individual characteristics, job features and work engagement. Furthermore, Choo and Nasurdin (2016) had conducted a research that

focused on gender of worker on work engagement. The finding had found that the supervisor support has influencing work engagement in Malaysia upscale hotel. They had examined the impact of supervisor support on employee engagement with the moderating role of gender in the context of the Malaysia.

Recognition is an intrinsic job satisfaction factor that is important to enhance employee engagement in an organization. However, there is limited finding shown that recognition program influences the level of employee engagement in the organization in Malaysia compared to others country. The pervious foreign study of Rai, Ghosh, Chauhan and Singh (2018) was conducted at India. Recognition is a process of organization has recognized the effort and contribution of employee and lack of recognition may cause the lower the level of recognition or increase the employee vulnerability to burnout (Maslach, Schaufeli & Leiter, 2008). It is important to study the individual influence of recognition on employee engagement.

Another intrinsic factor that was influence the level of employee engagement is career growth (Liu, He & Yu, 2017). However, there is limited research study on influence of this factor in Malaysia especially the interaction between career growth and employee engagement. Previous studies on the relationship between career growth and employee engagement were conducted by Liu, He and Yu (2017) in the context of six major city in China such as Guangzhou, Wuhan, Beijing and Shanghai, Shenzhen and Xi'an. Thus, the gap is the growth opportunity and meet the expected resource will influence the employee engagement.

1.2 Objectives of Study

1.2.1 General Objective

The main objective of this research is to examine the relationship between extrinsic and intrinsic jobs satisfaction and employee engagement.

1.2.2 Specific Objectives

1. To identify the relationship between compensation and employee engagement.
2. To identify the relationship between supervisor support and employee engagement.
3. To identify the relationship between recognition and employee engagement.
4. To identify the relationship between career development and employee engagement.
5. To identify the dominant factor among job satisfaction factors (extrinsic and intrinsic) and employee engagement.

1.3 Research Hypothesis

H_{1.1}: There is significant relationship between compensation and employee engagement.

H_{1.2}: There is significant relationship between supervisor support and employee engagement.

H_{1.3}: There is significant relationship between recognition and employee engagement.

H_{1.4}: There is significant relationship between career development and employee engagement.

H_{1.5}: There is a dominant factor of job satisfaction that influences employee engagement.

1.4 Conceptual Framework

Based on Figure 1.1, there are four independent variables which are compensation, supervisor support, career growth and recognition and one dependent variable which is employee engagement. In this study, the independent variables are extrinsic job satisfaction and intrinsic job satisfaction. The variables included as extrinsic job satisfaction in this study are compensation and supervisor support while variables for intrinsic job satisfaction are recognition and career growth. The dependent variable in this study is employee engagement.

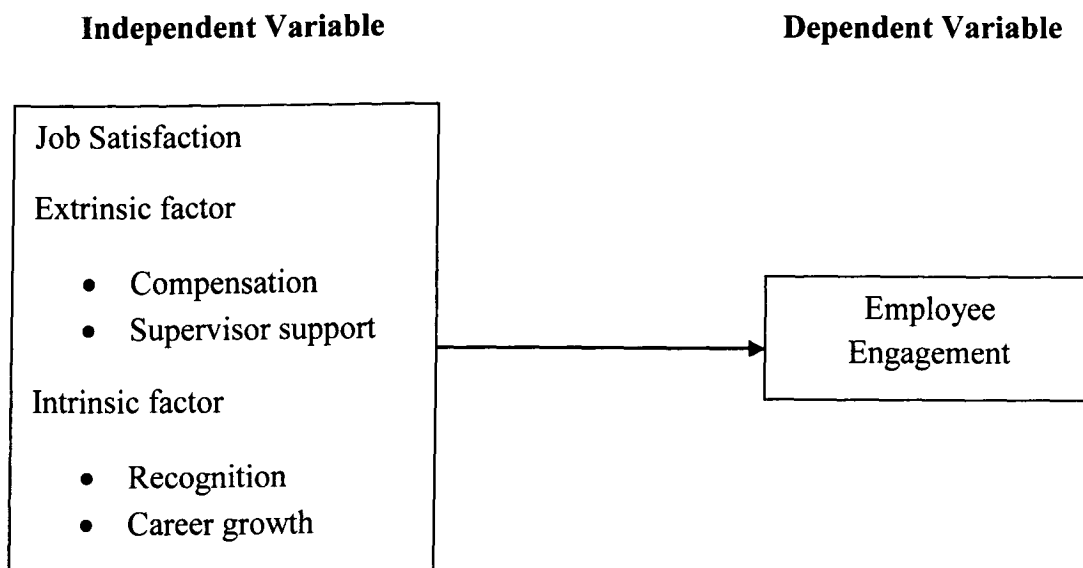


Figure 1.1: Conceptual Framework

(Source: Adapted from Anitha, (2014); Choo & Nasurdin, (2016); Mone, Eisinger, Guggenheim, Price & Stine, (2011); Liu, He & Yu, (2017))

1.5 Significance of Study

Body of knowledge

The findings of this study may increase the awareness of factors related to employee engagement. It may add knowledge that exist locally about job satisfaction factor in area of compensation, supervisor, recognition and career development that may influence employee engagement in the manufacturing industry.

Policy/Organization

For organization, the research will contribute some information regarding the relationship between job satisfaction and employee engagement. This research can be a reference to organization on improving the policies that already exist to increase the level of employee engagement. Besides that, it also provides information to organization to understand the importance of employee engagement. For those organizations that do not have policy relate with supervisor support, recognition and career growth to increase the level of employee engagement, they can refer to this research and develop or design the policy that suitable to their organization such as the organization can choose to provide training program for supervisor on how to support the employees and recognize the accomplishment of employees effectively. Organization also can attract the talent employee by designing better career growth plan.

HR Practitioner

For the human resource practitioner, this research can be a guideline to increase employee performance by enhance the level of employee engagement. Besides, the findings in this research can be a reference on implementation the effective approaches to increase the level of employee engagement such as human resource practitioner and other parties can provide appropriate training to increase the capability of employee. This research also can be a reference in future as empirical gap to those who do the study on the influence of extrinsic and intrinsic job satisfaction on employee engagement.

1.6 Definition of Terms

There are two types of definition to describe the terms that uses in this study which is conceptual definition and operational definition. Conceptual definition is come from many various sources of literature review such as textbook, journal and article. Operational definition is definition used in this research to most describing the research (Ahmad, Usop, Ismail, Bujang & Abu Mansor, 2014). In this research there are eight terms will be discussed detail in this part which is job satisfaction, extrinsic job satisfaction, intrinsic job satisfaction, employee engagement, compensation, supervisor support, recognition and career growth.

1.6.1 Job Satisfaction

Conceptual Definition:

According to McShane and Glinow (2010), job satisfaction is referring to a person's evaluation of his or her job and work context. However, Spector (1997) stated that job satisfaction is whether people feel satisfied or dissatisfied about their job and different aspect.

Operational Definition:

In this study, Spector (1997) and McShane and Glinow (2010), job satisfaction is whether a person satisfied or dissatisfied his or her job or work content. It includes extrinsic factors and intrinsic factors. The extrinsic factors in this study are compensation and supervisor support. Besides, the intrinsic factor are recognition and career growth.

1.6.2 Extrinsic factor

Conceptual Definition:

Extrinsic job satisfaction factor is referring to the factor that related to the working environment or working condition (Bektas, 2017).